

Demonstration Project Newsletter



Department of Commerce Demonstration Project

Department Issues Implementation Report of First-Year Evaluation

The Office of Personnel Management (OPM) recently approved the Department of Commerce Demonstration Project Implementation Report. The Implementation Report was prepared by Booz-Allen & Hamilton, an independent contractor selected to evaluate the project over its five-year duration. The report provides project information and an analysis of data about the first 12 months of the project. It serves as the public record of first-year project activities and the reference point against which later analyses will be compared.

Sources of Data

Four data collection methods were used to gather information needed for an assessment of the implementation and effectiveness of the Demonstration Project initiatives. These methods included interviews with key program staff and managers, focus groups, an attitude survey, and a review of objective data from the National Finance Center Payroll/Personnel System.

Booz-Allen conducted a total of 42 interviews with senior managers, human resources officials, and union officials. Responses to carefully-developed questions were used to identify themes and trends in employees' perceptions about human resources practices under the Demonstration Project and under the traditional system.

Booz-Allen also conducted a total of 32 focus groups across the country with employees from the Demonstration and Comparison Groups to help assess the impact of the Demonstration Project. The majority of the focus groups were constructed as supervisory or nonsupervisory groups. There were also three all-female groups, three non-white groups, and two Scientific and Engineering (ZP) groups.

The Implementation Survey collected data from over 1,400 Demonstration Project and Comparison Group employees and gathered opinions on a wide range of human resources practices relevant to the Demonstration Project. The survey questions included all of the items

from the baseline survey (administered in March 1998) as well as new items linked directly to the Demonstration Project's goals and the evaluation model.

Booz-Allen used objective personnel data to profile the employees participating in the Demonstration and Comparison Groups and to study the Demonstration Project's impact on monetary rewards. Analysis of the data provided quantitative evidence of the results of the first-year payouts.

Key Findings and Conclusions

As an overall finding, the Booz-Allen & Hamilton Implementation Report determined that the Demonstration Project was successfully implemented and should continue. The report states that while there are additional activities to be performed, the implementation year laid a good foundation for the project. In addition to these favorable findings, the report also identifies areas for improvement, particularly in the area of internal communications.

A summary of the key findings of the

Implementation Report follows:

1. Employees' perceptions of their work environment have not changed. There were no significant differences between the Demonstration Group's responses and the Comparison Group's responses regarding their perceptions of the general work environment.
2. The pay for performance system has achieved several of its expected results; however, there is still a substantial number of employees who are unaware of the link between pay and performance. Objective data indicate that financial rewards are being based on performance; statistics reveal a positive relationship between performance rating scores and both salary increases and performance bonuses. Supervisors indicated a greater knowledge of the link between pay and performance than did nonsupervisory employees.
3. The Demonstration Project is not fully utilizing the recruitment and retention interventions available. These strategies were used only minimally either because of the low number of new full-time hires or because the available pay flexibilities may have lessened the need to rely on recruitment and retention payments. Recruitment payments were used infrequently, while retention payments and direct examination were not used at all.
4. The Demonstration Project has not adversely affected the nine Merit Systems Principles or the twelve Prohibited Personnel Practices. Likewise, objective data indicate no support for the idea that any of the Demonstration Project interventions adversely affected veterans, women, or minorities during the Implementation Year. An examination of data on average performance ratings, merit increase percentages, and performance bonus percentages showed no discriminatory impact on

veterans, women, or minorities.

Overall, the report found that the lessons learned from the first year of the project are helpful, but do not indicate any major flaws in the Demonstration Project.

Recommendations

The Implementation Report offers several recommendations for going forward with the Demonstration Project. These are summarized as follows:

1. The Department should work to improve communications about the project. Specifically, the Department should provide information about the results of the pay for performance system so that employees understand the link that has been established between performance and rewards. Employees responded in both the survey and focus groups that they do not perceive there is a strong link between pay and performance, nor do they understand how bonuses are determined or distributed.
2. The Department should fully implement the recruitment and retention interventions as a way to achieve a higher-performing workforce. Feedback from both interviews and focus groups revealed that recruitment, hiring, and retention practices had not changed much under the Demonstration Project. All tools should be utilized in a strategic manner to achieve the goal of a higher performing workforce.
3. The Department needs to articulate, coach, and reward the role of a supervisor under the pay for performance system. The supervisor's role under the project needs to be emphasized and rewarded, similarly to the role of performing technical work.
4. The Department needs to review the extended probationary period to determine whether it can be evaluated

during this Demonstration Project.

Because this intervention applies to a relatively small number of ZP employees, and because there was very little hiring during the first year of the project, the report concluded that it may not be possible to evaluate the extended probationary period under this Demonstration Project.

5. The Department needs to be diligent in monitoring the project for disparate impacts on veterans, women, and minorities. Information from different data sources indicates that the Demonstration Project has not had a disparate impact on these groups. However, focus group participants expressed concern about the potential for this to occur. Due to the strength of these perceptions, more communication is needed about the results of the project to gain understanding and acceptance of the results among all employees.

The Department has already developed an action plan and made several changes to the project in response to key findings and recommendations of the Implementation Report. The action plan includes an enhanced communication plan about the project. Briefings are being scheduled to review the results of the first-year evaluation in the context of an overall update on the project.

The Implementation Report will be available on the Department's Home Page at the following address: <http://www.doc.gov/ohrm/> information. Questions about the report should be referred to the servicing human resources management office or to line office representative as indicated in the attached document.

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